

### LEGISLATIVE ANALYST RELEASES BUDGET OVERVIEW

The State's nonpartisan [Legislative Analyst](#), Elizabeth Hill, released an "[Overview of the 2004-05 Budget](#)" Tuesday, January 13. The overview calls the proposal a "solid starting point" for resolving the state's fiscal woes, with "several positive attributes, including realistic revenue and caseload assumptions, as well as real and ongoing solutions from most areas of the budget."

However, the LAO also notes that "the plan does not fully address the state's ongoing budget problem—leaving a roughly \$6 billion shortfall between expenditures and revenues in 2005-06," and that "it will be necessary for the Legislature to 'look beyond' this proposal and consider other options—including additional savings proposals and revenue increases—if it wishes to fully resolve the state's chronic budget crisis."

Court funding is one of those areas fraught with uncertainty, according to the LAO, which notes that the budget "proposes approximately \$600 million in reductions to judiciary and corrections programs. However, it does not provide specific details on how most of the savings will be accomplished in 2004-05. Instead, it proposes large unallocated reductions (\$400 million in corrections and about \$70 million in the courts) as a placeholder for proposals that will be submitted to the Legislature as part of the May Revision. This will result in a significantly compressed timeframe for legislative review, particularly for an unspecified solution of this magnitude."

The office will release its full "Analysis of the Budget Bill" in early February.

### GOVERNOR'S BOND MEASURE FAILING IN POLLS

Adding to the uncertainty surrounding the state's budget situation was the release of two polls earlier this week indicating that voters are inclined to oppose [Proposition 57](#), Governor Schwarzenegger's proposal for a \$15 billion bond to refinance the state's accumulated debt and ease the state back toward a balanced budget. Failure of the proposal would leave the state in an even deeper fiscal hole, pressuring the Governor to propose even deeper budget cuts or to push for tax increases that he has so far rejected.

One poll by the [Public Policy Institute of California](#), found that just 35 percent of voters liked the idea, while 44 percent were opposed and 21 percent were undecided. The [Field Poll](#) showed 33% supporting the measure, 40% opposed, and 27% undecided.

Historically, ballot measures start out leading in the polls and lose support as the election approaches, which bodes ill for the prospects of the Governor's proposal. However, the strong public support for the Governor and his performance to date inspire hope in supporters that an aggressive personal campaign in support of the measure will turn the tide in its favor. The Governor and state Controller [Steve Westly](#) recently formed a "bipartisan" campaign committee, "Californians for a Balanced Budget – Yes on Propositions 57 and 58."

### UNFAIR COMPETITION LAW DEVELOPMENTS

The Assembly Judiciary Committee Tuesday again rejected legislation ([AB 102](#) – [Pacheco](#)) which would make wholesale changes in the state's Unfair Competition Law (UCL), thereby clearing the decks of the last of the 11 bills introduced last year to reduce the scope of the law. The bill was before the committee for vote only, so there was no debate. It failed on a 4-9 vote. Other bills introduced last year to scale back the UCL were either not set for hearing or withdrawn, and thus will die by operation of the constitution at the end of this month.

The committee action shifted focus on the law from the Legislature to the initiative process. The [Coalition to Stop Shakedown Lawsuits](#) has begun collecting signatures to qualify an initiative very similar to AB 102 for the November ballot. At the same time, the [Foundation for Taxpayer and Consumer Rights](#) issued a [press release](#) claiming that while the initiative's backers purport to be acting on behalf of small businesses, the initiative campaign is being bankrolled by millions of dollars from California's largest corporations.

### DEADLINES UPCOMING

- January 23 - Last day for any committee to hear and report to the floor bills introduced in their house in 2003.
- January 23 - Last day to submit bill requests to the Office of Legislative Counsel.
- January 31 - Last day for bills introduced in 2003 to be passed out of the house of origin.
- February 20 - Last day to introduce bills.